

Exhibit C

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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

**AMENDMENT NO. 1 TO
FORM 10-K/A**

**ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934**

For the year ended December 31, 2003

Commission File Number 000-30229

SONUS NETWORKS, INC.
(Exact name of Registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

04-3387074
(I.R.S. employer
identification no.)

250 Apollo Drive, Chelmsford, Massachusetts 01824
(Address of principal executive offices, including zip code)

(978) 614-8100
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:
None

Securities registered pursuant to Section 12(g) of the Act:
Common stock, \$0.001 par value

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☐ No ☒

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of the Registrant's knowledge, in definitive proxy statement or information proxy statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☐

Indicate by check mark whether the Registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act). Yes ☒ No ☐

The aggregate market value of the common stock held by non-affiliates of the Registrant was approximately \$869,240,000 based on the closing price for the Common Stock on the NASDAQ National Market on June 30, 2003. As of January 31, 2004, there were 245,730,772 shares of \$0.001 par value per share, common stock, outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

None.

Stock Option Grants

The Option Grant Table below sets forth information about option grants to the Named Executive Officers during the year ended December 31, 2003, including hypothetical gains or "option spreads" for the options at the end of their respective ten-year terms, as calculated in accordance with the rules of the SEC. Each gain is based on an arbitrarily assumed annualized rate of compound appreciation of the market price at the date of grant of 5% and 10% from the date the option was granted to the end of the option term. Actual gains, if any, on option exercises are dependent on the future performance of our common stock, overall market conditions and continued employment.

Option Grants in Last Fiscal Year

Name	No. of Securities Underlying Options Granted(1)	Percent of Total Options Granted to Employees in Fiscal Year(2)	Exercise Price Per Share(3)	Expiration Date	Potential Realizable Value At Assumed Annual Rates of Stock Price Appreciation For Option Term(4)	
					5%	10%
Hassan M. Ahmed	2,000,000	9.96%	\$ 4.47	6/16/2013	\$ 5,620,000	\$ 14,240,000
Rubin Gruber	430,000	2.14	4.47	6/16/2013	1,208,300	3,061,600
Paul R. Jones	530,000	2.64	4.47	6/16/2013	1,489,300	3,773,600
John M. O'Hara	100,000	0.50	4.47	6/16/2013	281,000	712,000
Gary A. Rogers	430,000	2.14	4.47	6/16/2013	1,208,300	3,061,600

(1) Options vest 25% one year from the date of grant and thereafter an additional 2.0833% for each month of employment.

(2) Based on options to purchase an aggregate of 20,087,276 shares of common stock granted by us to employees, including those granted to the Named Executive Officers, during the fiscal year ended December 31, 2003.

(3) Options were granted with an exercise price equal to the fair market value of our common stock on the date of grant.

(4) The potential realizable value is calculated based on (a) the ten-year term of the option at its time of grant; (b) the assumption that the closing price for the common stock on the date of grant appreciates at the indicated annual rate compounded annually for the entire term of the option; and (c) the assumption that the option is exercised and sold on the last day of its term for the appreciated stock price.

Option Exercises and Holdings

The following table sets forth information concerning the exercise of stock options by each of the Named Executive Officers and the value of unexercised stock options held by them as of December 31, 2003.

Aggregated Option Exercises in Last Fiscal Year And Fiscal Year-end Option Values

Name	Shares Acquired on Exercise	Value Realized(1)	Number of Securities Underlying Unexercised Options at Fiscal Year End		Value of Unexercised In-The-Money Options at Fiscal Year End(2)	
			Exercisable	Unexercisable	Exercisable	Unexercisable
Hassan M. Ahmed	0	\$ —	1,179,481	2,273,519	\$ 3,166,860	\$ 6,393,180
Rubin Gruber	0	—	1,041,147	596,853	3,482,370	1,573,280
Paul R. Jones	100,000	390,800	350,192	600,208	870,980	1,761,790
John M. O'Hara	68,750	483,860	9,167	242,083	66,830	1,342,790
Gary A. Rogers	0	—	73,855	465,145	114,370	1,369,790

(1) The value realized represents the difference between the aggregate closing price of the shares on the date of exercise less the aggregate exercise price paid.

(2) The value of in-the-money options is based on the closing price of our common stock on December 31, 2003 of \$7.54 per share, minus the per share exercise price, multiplied by the number of shares underlying the option. These values have not been, and may never be, realized.